

Amendment No. 1 to SB3281

Yager
Signature of Sponsor

AMEND Senate Bill No. 3281

House Bill No. 3440*

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 9, Chapter 21, is amended by adding Sections 2 through 5 of this act as a new, appropriately designated part.

SECTION 2. This part shall apply to any local government or local government instrumentality that has the power to issue any bond, note, loan agreement or any other evidence of a debt obligation in which the local government or instrumentality, either directly or indirectly, incurs a definite and absolute obligation to the payment of the principal of and interest on the debt obligation from tax revenues of any nature pledged by the local government or instrumentality having taxing power. This part shall also apply to general obligation school bonds issued by any municipal or special school district within a local government as authorized by title 49, chapter 3, part 10. This part shall not apply to bonds and loan agreements authorized by title 7, chapter 53.

SECTION 3. Except as otherwise approved by the state funding board pursuant to Section 5, each fiscal year any debt obligation to which this part applies is outstanding following the fiscal year in which the obligation was issued, the local government or local government instrumentality shall redeem or retire the principal of the obligation in an amount that:

(a) Is estimated to be at least equal to an amortization that will reflect level debt service payments, as established at the time of the sale and as indicated in the resolution authorizing the obligation; provided, that all such obligations shall be redeemed or retired in no event greater than either the average useful life of the project funded by the obligation, or thirty (30) fiscal years following the fiscal year in which the original obligation was issued,

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whichever is earlier, unless the greater period of time authorized in Section 4 applies; or

(b) Is no less than fifty percent (50%) of the original principal amount of all obligations no later than ten (10) fiscal years following the fiscal year in which the original obligation was issued; provided, that the balance of the principal of the obligations shall be redeemed or retired not later than twenty (20) fiscal years following the fiscal year in which the original obligation was issued.

SECTION 4. In the event a local government or instrumentality repays the principal of any obligation pursuant to level debt amortization set forth in Section 3(a) and the project to be constructed from the proceeds of the obligation has not been completed within three (3) fiscal years following the fiscal year in which the obligation was originally issued, the local government or instrumentality may commence redemption or retirement of the principal after the date of completion of the project, but in no event greater than two (2) fiscal years following the fiscal year in which the project is completed; provided, that all such obligations shall be redeemed or retired in no event greater than thirty (30) fiscal years following the fiscal year in which the project is completed.

SECTION 5. The state funding board is authorized to exempt from the principal repayment requirements of this part any debt obligation:

(a) Deemed de minimis by the board;

(b) Where the local government is required by statute to participate in the financing program;

(c) That is a conduit transaction for a nongovernmental entity; or

(d) Where a different repayment schedule for the obligation is deemed consistent with the intent of this part.

SECTION 6. This act shall take effect July 1, 2012, the public welfare requiring it.